



**ARKANSAS INSURANCE DEPARTMENT  
LEGAL DIVISION**

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**RULE AND REGULATION 66**

**ANTIFRAUD INITIATIVE REQUIREMENTS**

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**SECTION 1. Purpose**

The purpose of this rule is to assist insurers in complying with the antifraud initiative requirements of Arkansas Code Annotated §23-66-510.

**SECTION 2. Authority**

This rule is issued pursuant to the authority vested in the commissioner by Arkansas Code Annotated §23-66-511, and other applicable provisions of Arkansas law.

**SECTION 3. Applicability and Scope**

This rule applies to all licensed insurers in the State of Arkansas.

**SECTION 4. Effective Date**

The effective date of this rule is August 1, 1997.

**SECTION 5. Definitions**

The definitions set forth in Arkansas Code Annotated §23-66-501 shall apply to this rule.

## **SECTION 6. Antifraud Initiative Requirements**

The antifraud initiative requirements of Arkansas Code Annotated §23-66-510(a) may be satisfied by an insurer by means of:

(1) Fraud investigators, who may be insurer employees or independent contractors and who are in full compliance with Section (7) of this rule; or

(2) An antifraud plan submitted to, and approved by, the commissioner, and which is in full compliance with Section (8) of this rule; or

(3) An alternative antifraud initiative submitted to, and approved by, the commissioner, under the provisions of Arkansas Code Annotated §23-66-510(a); or

(4) An exemption from the antifraud initiative requirements granted by the commissioner pursuant to Arkansas Code Annotated §23-66-510(b).

## **SECTION 7. Fraud Investigators and Independent Contractors**

A. Fraud investigators who are employees of an insurer:

(1) shall be qualified by education, experience or training in the detection, investigation and proper reporting of suspected fraudulent insurance acts, and may be employees whose principal responsibilities are the processing and disposition of claims, if they meet the qualification requirements herein stated; and

(2) shall complete a minimum of three (3) hours of continuing education annually in the detection, investigation and proper reporting of suspected fraudulent insurance acts. The specific curriculum, location and certification of said continuing education courses are not mandated but shall be consistent with industry standards for continuing education for insurance fraud prevention, detection, or investigation.

B. Independent contractors hired by an insurer as fraud investigators shall be investigation companies licensed by the State of Arkansas under the provisions of Arkansas Code Annotated §17-40-201, et seq., or duly exempted from licensure by the Arkansas Board of Private Investigators and Private Security Agencies.

## **SECTION 8. Antifraud Plans**

A. Antifraud plans shall be submitted to the commissioner for approval and shall outline specific procedures to:

(1) prevent, detect, and investigate suspected fraudulent insurance acts;

(2) educate and train appropriate employees in the insurer's antifraud plan, as well as in the identification of suspected fraudulent insurance acts;

(3) comply with the mandatory reporting requirements of Arkansas Code Annotated §23-66-505 and §11-9-106(d)(6) regarding suspected fraudulent insurance acts;

(4) increase awareness of the impact of fraudulent insurance acts and the methods of preventing insurance fraud;

(5) pursue civil remedies for financial loss caused by fraudulent insurance acts, where appropriate; and

(6) facilitate assistance and communication with the Insurance Fraud Investigation Division of the Arkansas Insurance Department by identifying a representative within the employ of the insurer to act as a liaison on insurance fraud matters.

B. Each antifraud plan shall state a specific implementation date and a mechanism for review of the plan for effectiveness, which review shall be undertaken no less than every twenty-four (24) months.

C. Amendments to an approved plan shall be submitted to the commissioner within thirty (30) days after their implementation.

#### **SECTION 9. Severability**

Any section or provision of this rule held by a court to be invalid or unconstitutional will not affect the validity of any other section or provision of this rule.

[Mike Pickens' signature]

MIKE PICKENS  
INSURANCE COMMISSIONER  
ARKANSAS INSURANCE DEPARTMENT

[signed 7/17/97]

DATE